

Danang Port Join Stock Company

Financial Statements

Quarter III 2020

VAS.D.N.

Danang Port Joint Stock Company

General Information

Enterprise Registration Certificate No.

0400101972

08 August 2019

The Company's Enterprise Registration Certificate has been amended seven times, the most recent of which is by Enterprise Registration Certificate 0400101972 dated 08 August 2019. The Enterprise Registration Certificate was issued by Da Nang Department of Planning and Investment.

Board of Management

Mr. Tran Le Tuan

Chairman

(Resigned as Chairman of Board of Management from 01/08/2020)

Mr. Phan Bao Loc

Member

(In charge of operating the activities of the Board of Management from 01/08/2020)

Mr. Le Quang Duc

Member

Mr. Nguyen Quang Dung

Member

Mr. Vu Quyet Thang

Member

Ms. Nguyen Thi Yen

Member

Mr Chen Yung Chan

Member

Supervisory Board

Ms. Phan Thi Nhi Ha

Chief

Mr. Nguyen Quang Phat

Member

Ms. Tran Thi Kieu Oanh

Member

Board of General Directors

Mr. Tran Le Tuan

Acting General Director

Mr. Duong Duc Xuan

Vice General Director

Mr. Le Quang Duc

Vice General Director

Registered Office

26 Bach Dang Street, Thach Thang Ward
Hai Chau District, Da Nang City
Vietnam

Danang Port Joint Stock Company
Balance sheet as at 30 September 2020

Form B 01a – DN
Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

ASSETS	Code	Note	30/09/2020 VND	01/01/2020 VND
CURRENT ASSETS	100		642,382,584,229	583,983,405,789
Cash and cash equivalents	110	3	47,602,568,988	36,465,358,542
Cash	111		28,720,207,812	11,074,391,274
Cash equivalents	112		18,882,361,176	25,390,967,268
Short-term investments	120	4	412,218,278,051	379,643,908,394
Held-to-maturity investments	123		412,218,278,051	379,643,908,394
Short-term receivables	130		131,694,002,565	119,946,660,710
Short-term trade receivables	131	5	113,906,719,335	110,327,594,307
Short-term prepayments to suppliers	132	6	10,397,040,337	6,823,779,497
Other short-term receivables	136	7	9,655,545,172	5,782,218,778
Provision for short-term doubtful debts	137	8	(2,265,302,279)	(2,986,931,872)
Inventories	140	9	15,665,795,178	10,967,155,382
Inventories	141		15,665,795,178	10,967,155,382
Other current assets	150		35,201,939,447	36,960,322,761
Short-term prepaid expenses	151	14	6,380,905,585	2,959,847,906
Deductible value added tax	152		23,133,215,907	34,000,474,855
Taxes and other receivables from the State budget	153		5,687,817,955	-
NON-CURRENT ASSETS	200		1,031,737,622,321	1,078,312,454,692
Fixed assets	220		974,998,762,783	1,029,409,037,078
Tangible fixed assets	221	10	872,332,874,726	928,308,478,846
Historical costs	222		2,064,803,272,918	2,034,822,427,954
Accumulated depreciation	223		(1,192,470,398,192)	(1,106,513,949,108)
Intangible fixed assets	227	11	102,665,888,057	101,100,558,232
Historical costs	228		105,939,044,787	104,009,870,987
Accumulated amortisation	229		(3,273,156,730)	(2,909,312,755)
Investment properties	230	12	121,800,016	126,150,013
Historical costs	231		145,000,000	145,000,000
Accumulated depreciation	232		(23,199,984)	(18,849,987)
Long-term work in progress	240		13,960,525,655	6,159,640,536
Construction in progress	242	13	13,960,525,655	6,159,640,536
Long-term investments	250	4	32,738,747,149	32,835,947,149
Investments in associates	252		30,089,813,149	30,089,813,149
Equity investments in other entities	253		3,764,334,000	3,764,334,000
Provision for devaluation of long-term investments	254		(1,115,400,000)	(1,018,200,000)
Other long-term assets	260		9,917,786,718	9,781,679,916
Long-term prepaid expenses	261	14	8,488,122,558	8,352,015,756
Deferred income tax assets	262		1,318,856,160	1,318,856,160
Long-term tools, supplies and spare parts	263		110,808,000	110,808,000
TOTAL ASSETS	270		1,674,120,206,550	1,662,295,860,481

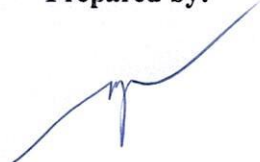
The accompanying notes are an integral part of these financial statements

Danang Port Joint Stock Company
Balance sheet as at 30 September 2020 (continued)

Form B 01a – DN
Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

RESOURCES	Code	Note	30/09/2020 VND	01/01/2020 VND
LIABILITIES	300		312,558,564,774	308,417,836,741
Current liabilities	310		136,050,042,076	120,264,867,427
Short-term trade payables	311	15	21,794,705,609	34,605,345,675
Short-term prepayments from customers	312	16	746,489,460	871,691,364
Taxes and other payables to State budget	313	17	26,073,170,027	13,152,129,129
Payables to employees	314		51,767,673,656	42,735,047,761
Short-term accrued expenses	315	18	1,156,867,316	1,446,018,132
Short-term unearned revenue	318		-	37,500,000
Other short-term payables	319	19	2,297,525,708	1,257,504,553
Short-term borrowings and finance lease liabilities	320	20	13,254,261,349	12,717,656,438
Bonus and welfare funds	322		18,959,348,951	13,441,974,375
Non-current liabilities	330		176,508,522,698	188,152,969,314
Long-term borrowings and finance lease liabilities	338	20	176,508,522,698	188,152,969,314
EQUITY	400		1,361,561,641,776	1,353,878,023,740
Owner's equity	410	21	1,361,561,641,776	1,353,878,023,740
Contributed capital	411		990,000,000,000	990,000,000,000
Ordinary shares with voting rights	411a		990,000,000,000	990,000,000,000
Share premium	412		(215,000,000)	(215,000,000)
Investment and development funds	418		206,564,982,414	179,932,610,473
Retained earnings	421		165,211,659,362	184,160,413,267
Retained earnings brought forward	421a		-	184,160,413,267
Retained earnings of the current year	421b		165,211,659,362	-
TOTAL RESOURCES	440		1,674,120,206,550	1,662,295,860,481

Prepared by:



Ngo Quoc Van
Accountant

Approved by:



Nguyen Ngoc Tam
Head
of Finance and Accounting Department



Tran Le Tuan
Acting General Director

The accompanying notes are an integral part of these financial statements

Danang Port Joint Stock Company
Statement of income for quarter III 2020

Form B 02a – DN
Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

ITEMS	Code	Note	3 rd Quarter		Accumulated from the beginning of the year to the end of this quarter	
			Current year VND	Previous year VND	Current year VND	Previous year VND
Revenue from sales of goods and provision of services	01	23	226,144,376,076	226,938,724,739	665,813,234,984	601,048,948,429
Revenue deductions	02		-	91,556,010	31,524,950	126,512,560
Net revenue	10		226,144,376,076	226,847,168,729	665,781,710,034	600,922,435,869
Cost of sales of goods and provision of services	11	24	143,055,258,561	144,620,649,185	422,860,131,807	383,479,057,494
Gross profit	20		83,089,117,515	82,226,519,544	242,921,578,227	217,443,378,375
Financial income	21	25	6,960,029,337	6,322,312,831	26,225,973,629	18,144,446,425
Financial expenses	22	26	3,348,633,546	3,522,463,787	12,077,368,094	11,632,922,239
<i>In which: Interest expense</i>	23		2,869,746,071	2,947,006,325	8,572,836,566	8,755,480,580
Selling expenses	24		1,318,350,025	981,825,765	3,604,581,113	2,297,553,173
General and administration expenses	25	27	20,459,246,975	20,771,837,595	48,843,659,951	48,401,364,811
Net operating profit	30		64,922,916,306	63,272,705,228	204,621,942,698	173,255,984,577
Other income	31	28	49,241,116	875,550,884	476,638,142	1,445,909,211
Other expenses	32		18,970,000	113,249,944	18,970,000	152,066,706
Results of other activities	40		30,271,116	762,300,940	457,668,142	1,293,842,505

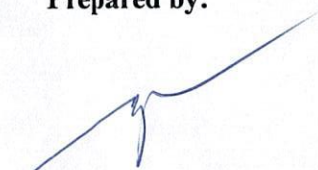
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Danang Port Joint Stock Company
Statement of income for quarter III 2020 (continued)

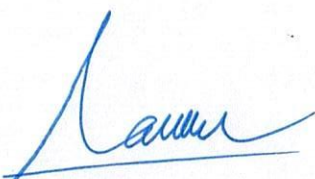
Form B 02a – DN
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dated 22 December 2014 of the Ministry of Finance)

ITEMS	Code	Note	3 rd Quarter		Accumulated from the beginning of the year to the end of this quarter	
			Current year VND	Previous year VND	Current year VND	Previous year VND
Accounting profit before tax	50		64,953,187,422	64,035,006,168	205,079,610,840	174,549,827,082
Income tax expense – current	51		12,783,637,485	12,575,149,680	39,867,951,478	33,810,882,492
Income tax expense – deferred			-	-	-	-
Net profit after tax	60		52,169,549,937	51,459,856,488	165,211,659,362	140,738,944,590
Earnings per share	70		527	520	1,669	1,422

Prepared by:


 Ngo Quoc Van
 Accountant

Approved by:


 Nguyen Ngoc Tam
 Head of Finance and Accounting Department




 Tran Le Tuan
 Acting General Director

The accompanying notes are an integral part of these financial statements

Danang Port Joint Stock Company
Statement of cash flows for quarter III 2020
(Indirect method)

Form B 03a – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

ITEMS	Code	Note	Accumulated from the beginning of the year to the end of this quarter	
			Current year VND	Previous year VND
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	01		205,079,610,840	174,549,827,082
Adjustments for				
Depreciation and amortisation	02		88,079,903,628	90,877,428,800
Allowances and provisions	03		(624,429,593)	98,465,575
Exchange losses arising from revaluation of monetary items denominated in foreign currencies	04		1,851,885,721	2,254,460,901
Profits from investing activities	05		(24,491,796,688)	(18,268,143,501)
Interest expense	06		8,572,836,566	8,755,480,580
Operating profit before changes in working capital	08		278,468,010,474	258,267,519,437
Change in receivables	09		10,711,416,527	(10,216,475,366)
Change in inventories	10		(4,698,639,796)	(4,177,987,924)
Change in payables and other liabilities	11		(19,978,445,177)	(72,766,230,439)
Change in prepaid expenses	12		(3,557,164,481)	(903,668,524)
Interest paid	14		(8,861,987,382)	(9,086,739,076)
Income tax paid	15		(23,279,827,073)	(28,481,486,144)
Other payments for operating activities	17		(14,820,666,750)	(11,064,536,249)
Net cash flows from operating activities	20		213,982,696,342	121,570,395,715
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets and other long-term assets	21		(41,466,164,455)	(23,721,163,825)
Disposal of fixed assets and other long-term assets	22		292,509,091	521,154,546
Loans granted, purchases of debt instruments of other entities	23		(226,335,446,309)	(587,094,851,371)
Collection of loans, proceeds from sales of debt instruments of other entities	24		193,761,076,652	426,361,437,609
Receipts of interests and dividends	27		22,462,266,551	15,656,253,799
Net cash flows from investing activities	30		(51,285,758,470)	(168,277,169,242)

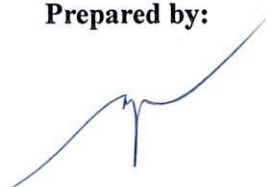
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Danang Port Joint Stock Company
Statement of cash flows for quarter III 2020
(Indirect method - continued)

Form B 03a – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

ITEMS	Code	Note	Accumulated from the beginning of the year to the end of this quarter	
			Current year VND	Previous year VND
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments to settle loan principals	34		(12,902,527,034)	(12,383,328,769)
Payments of dividends	36		(138,600,000,000)	(19,800,000,000)
Net cash flows from financing activities	40		(151,502,527,034)	(32,183,328,769)
NET CASH FLOWS DURING THE PERIOD	50		11,194,410,838	(78,890,102,296)
Cash and cash equivalents at the beginning of the period	60	3	36,465,358,542	138,034,815,704
Effect of exchange rate fluctuations on cash and cash equivalents	61		(57,200,392)	-
Cash and cash equivalents at the end of the period	70	3	47,602,568,988	59,144,713,408

Prepared by:



Ngo Quoc Van
Accountant

Approved by:



Nguyen Ngoc Tam
Head
of Finance and Accounting Department



Tran Le Tuan
Acting General Director

The accompanying notes are an integral part of these financial statements

Danang Port Joint Stock Company
Notes to the financial statements for quarter III 2020

Form B 09a – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information of the Company

Form of ownership

Danang Port Joint Stock Company is incorporated on a basis of transformation of the ownership form from a State - owned one member limited liability company to a joint stock company under Decision No. 216/QĐ-HHVN dated 06 May 2014 of the Members Council of Vietnam National Shipping Lines. The Company is established and operates activities under Business Registration Certificate No. 3204000379 issued by Da Nang Authority for Planning and Investment for the first time on 01 April 2008, 7th re-registered on 08 August 2019.

The Company's head office is located at: No. 26 Bach Dang, Thach Thang Ward, Hai Chau District, Da Nang City.

Company's Charter capital is VND 990,000,000,000; actual contributed Charter capital on 30 September 2020 is VND 990,000,000,000; equivalent to 99,000,000 shares with the price of VND 10,000 per share.

Business field

Cargo handling, Service activities incidental to water transportation and other transportation support activities, warehousing and storage services, petroleum business.

Principal activities

In accordance with the Enterprise Registration Certificate of the Company, its registered activities comprise loading and unloading services, support services for waterway transportation and other transportation support services, warehousing and storage services, restaurant and catering services, trading of solid, liquid and gas fuels, retail of other goods in specialised shops and other services.

During the period, the Company's principal activities include loading and unloading services, support services for waterway transportation and other transportation support services, warehousing and storage services.

2. Accounting system and accounting policy

Accounting period and accounting currency

Annual accounting period commences from 1 January and ends as at 31 December.

The Company maintains its accounting records in VND.

Standards and Applicable Accounting Policies

Applicable Accounting Policies

The Company applies Corporate Accounting System issued under the Circular No. 200/2014/TT-BTC dated 22 December 2014 by the Ministry of Finance and the Circular No. 53/2016/TT-BTC dated 21 March 2016 issued by Ministry of Finance amending and supplementing some articles of the Circular No. 200/2014/TT-BTC.

Danang Port Joint Stock Company
Notes to the financial statements for quarter III 2020 (continued)

Form B 09a – DN

*(Issued under Circular No. 200/2014/TT-BTC
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Declaration of compliance with Accounting Standards and Accounting System

The Company applies Vietnamese Accounting Standards and supplementary documents issued by the State. Financial Statements are prepared and presented in accordance with regulations of each standard and supplementary document as well as with current Accounting Standards and Accounting System.

Basis for preparation of Financial Statements

Financial Statements are presented based on historical cost principle.

Financial Statements of the Company are prepared based on summarization of transactions incurred, then recorded into accounting books of dependent accounting entities and at the offices of the Company.

In Financial Statements of the Company, the intra-group balances and transactions related to assets, equity, receivables and payable are/are not eliminated in full.

Financial Instruments

Initial recognition

Financial assets

Financial assets of the Company include cash, cash equivalents, trade receivables, other receivables, lending loans, long-term and short-term investments. At initial recognition, financial assets are identified by purchasing price/issuing cost plus other expenses directly related to the purchase and issuance of those assets.

Financial liabilities

Financial liabilities of the Company include borrowings, trade payables, other payables and accrued expenses. At initial recognition, financial liabilities are determined by issuing price plus other expenses directly related to the issuance of those liabilities.

Subsequent measurement after initial recognition

There are currently no regulations on the revaluation of financial instruments after initial recognition.

Foreign currency transactions

The foreign currency transactions during the year are translated into Vietnam Dong using the real exchange rate ruling at the transaction date. Real exchange rates are determined under the following principles:

- When recording receivables, applying the bid rate of the commercial bank stipulated by the Company for customers to make payment at the transaction time;
- When recording payables, applying the offer rate of the commercial bank where the Company expects to conduct transactions at the transaction time;

Real exchange rate when revaluating monetary items denominated in foreign currencies at the reporting date of Interim Financial Statements is determined under the following principles:

- For asset accounts, applying the bid rate of the commercial bank where the Company regularly conducts transaction;
- For foreign currency deposited in bank, applying the bid rate of the bank where the Company opens its foreign currency accounts;

Danang Port Joint Stock Company
Notes to the financial statements for quarter III 2020 (continued)

Form B 09a – DN

*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

- For liability accounts, applying the offer rate of the commercial bank where the Company regularly conducts transaction.

All exchange differences arising from foreign currency transactions in the year and from revaluation of remaining foreign currency monetary items at the end of the year are recorded immediately to operating results of the accounting period. In which exchange difference gains due to revaluation of closing balance of monetary items denominated in foreign currencies cannot be used for profit distribution or dividends.

Cash and cash equivalents

Cash comprises cash on hand, demand deposits.

Cash equivalents are short-term investments with the maturity of not over than 3 months from the date of investment, that are highly liquid and readily convertible into known amount of cash and that are subject to an insignificant risk of conversion into cash.

Financial investments

Investments held to maturity comprise term deposits (including treasury bills and promissory notes), bonds, preference shares which the issuer is required to repurchase at a certain time in the future and loans, etc. held to maturity to earn profits periodically and other held to maturity investments.

Investments in subsidiaries, joint ventures or associates are initially recognized at original cost. After initial recognition, the value of these investments is measured at original cost less provision for devaluation of investments.

Equity Investments in other entities comprise investments in equity instruments of other entities without having control, joint control, or significant influence on the investee. These investments are initially stated at original cost. After initial recognition, these investments are measured at original cost less provision for devaluation of investments.

Provision for devaluation of investments is made at the end of the period as follows:

- With regard to investments in subsidiaries, joint ventures or associates and investments in other units: the provisions shall be made based on the Financial statement of subsidiaries, joint ventures, associates at the provision date.
- With regard to long-term investments (other than trading securities) without significant influence on the investee: If the investment is made in listed shares or the fair value of the investment is determined reliably, the provisions shall be made on the basis of the market value of the shares; if the fair value of the investment is not determined at the reporting date, the provision shall be made based on the Financial Statements at the provision date of the investee.
- With regard to investments held to maturity: the provision for doubtful debts shall be made based on the recovery capacity in accordance With statutory regulations.

Receivables

The receivables shall be recorded in details in terms of due date, entities receivable, types of currency and other factors according to requirements for management of the Company.

Danang Port Join Stock Company
Notes to the financial statements for quarter III 2020 (continued)

Form B 09a – DN

*(Issued under Circular No. 200/2014/TT-BTC
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The provision for doubtful debts is made for receivables that are overdue under an economic contract, a loan agreement, a contractual commitment or a promissory note and for receivables that are not due but difficult to be recovered. Accordingly, the provisions for overdue debts shall be based on the due date stipulated in the initial sale contract, exclusive of the debt rescheduling between contracting parties and the case where the debts are not due but the debtor is in bankruptcy, in dissolution, or missing and making fleeing.

Inventories

Inventories are initially recognized at original cost including purchase price, processing cost and other costs incurred in bringing the inventories to their location and condition at the time of initial recognition. After initial recognition, at the reporting date, inventories are stated at the lower of cost and net realizable value.

The cost of inventory is calculated using weighted average method.

Inventory is recorded by perpetual method.

Provision for devaluation of inventories made at the end of the period is based on the excess of original cost of inventory over their net realizable value.

Fixed assets

Fixed assets (tangible and intangible) are initially stated at the historical cost. During the using time, fixed assets (tangible and intangible) are recorded at cost, accumulated depreciation and carrying amount.

Fixed assets are depreciated using the straight-line method over their estimated useful lives as follows:

- Buildings, structures	05 – 30 years
- Machinery, equipment	04 – 20 years
- Vehicles, Transportation equipment	05 – 10 years
- Office equipment and furniture	03 – 08 years
- Other fixed assets	03 – 05 years
- Management software	03 – 05 years

Intangible fixed assets are indefinite term land use rights that are not amortized.

Investment properties

Investment properties are initially recognized at historical cost.

Investment properties held for operating lease are recorded at cost, accumulated depreciation and carrying amount. Investment properties are depreciated using the straight-line method with expected useful life as follows:

- Buildings, structures	25 years
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Construction in progress

Construction in progress includes fixed assets which is being purchased and constructed as at the balance sheet date and is recognized in historical cost. This includes costs of construction, installation of equipment and other direct costs. Construction in progress is not depreciated until the relevant assets are completed and put into use.

Danang Port Joint Stock Company
Notes to the financial statements for quarter III 2020 (continued)

Form B 09a – DN

*(Issued under Circular No. 200/2014/TT-BTC
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Operating lease

Operating leases is fixed asset leasing in which a significant portion of the risks and rewards of ownership are retained by the lessor. Payments made under operating leases are charged to income statement on a straight-line basis over the period of the lease.

Business Cooperation Contract (BCC)

Business Cooperation Contract (BCC) means a cooperation contract between two or more venturers in order to carry out specific business activities, but it does not require establishment of a new legal entity. Those activities may be jointly controlled by venturers under BCC or controlled by one of them.

In case of receiving money or assets from other entities in the BCC, they should be recorded as payables. In case of contributing money or assets to BCC, they should be recorded as receivables. During the process of operating BCC, depending on the form of BCC, the accounting methods are adopted as follows:

BCC in the form of shares of post-tax profits:

According to the terms of BCC, the Company will be receiving the fixed profit every year, irrespective of the contract's operating results, records revenue from property leasing with the amount shared by BCC when receiving announcement from BCC.

Prepaid expenses

The expenses incurred but related to operating results of several accounting periods are recorded as prepaid expenses and are allocated to the operating results in the following accounting periods.

The calculation and allocation of long-term prepaid expenses to operating expenses in each accounting period should be based on the nature of those expenses to select a reasonable allocation method and criteria. Prepaid expenses are allocated gradually into operating expenses on the straight-line basis.

Payables

The payables shall be recorded in details in terms of due date, entities payable, types of currency and other factors according to the requirements for management of the Company.

Borrowings

Borrowings shall be recorded in details in terms of lending entities, loan agreement and terms of borrowings. In case of borrowings denominated in foreign currency, they shall be recorded in details in terms of types of currency.

Borrowing costs

Borrowing costs are recognized as operating expenses in the period, in which it is incurred excepting those which are directly attributable to the construction or production of a qualifying asset are capitalized as part of the cost of that asset in accordance with VAS No. 16 "Borrowing costs". Besides, regarding borrowings serving the construction of fixed assets and investment properties, the interests shall be capitalized even when the construction duration is under 12 months.

Danang Port Joint Stock Company
Notes to the financial statements for quarter III 2020 (continued)

Form B 09a – DN

*(Issued under Circular No. 200/2014/TT-BTC
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Accrued expenses

Accrued expenses are interest expenses, which are recorded as operating expenses of the reporting period.

The recording of accrued expenses as operating expenses during the period shall be carried out under the matching principle between revenues and expenses during the period. Accrued expenses are settled with actual expenses incurred. The difference between accrued and actual expenses is reverted.

Owner's equity

Owner's equity is stated at actually contributed capital of owners.

Share premium is recorded at the difference between the par value with costs directly attributable to the issuance of shares and issue price of shares (including the case of re-issuing treasury shares) and can be a positive premium (if the issue price is higher than par value and costs directly attributable to the issuance of shares) or negative premium (if the issue price is lower than par value and costs directly attributable to the issuance of shares).

Retained earnings are used to present the Company's operating results (profit, loss) after corporate income tax and profit appropriation or loss handling of the Company. In case dividend payment or profit distribution for the owners exceeds the net profit, the difference shall be recorded as a decrease in contributed capital. Net profit can be distributed to investors based on capital contribution rate after being approved by General Meeting of Shareholders and after being appropriated to funds in accordance with the Company's Articles of Incorporation and Vietnamese statutory requirements.

The Company's retained earnings is distributed to other funds according to recommendation of the Board of Management and approval of shareholders at annual General Meeting of Shareholders:

- Development and Investment funds: The fund is reserved for the purpose of business expansion or in depth Investment.
- Bonus and welfare fund and bonus for the Board of Directors: The fund is reserved for the purpose of bonus, material incentives, common benefit and increasing welfare for employees and presented as a liability on the Interim Statement of Financial position.

Dividends to be paid to shareholders are recognized as a payable in Statement of Financial position after the announcement of dividend payment from the Board of Management and announcement of cut-off date for dividend payment of Vietnam Securities Depository Center.

Revenue

Sale of goods

Revenue from the sale of goods shall be recognized when all of the following conditions have been satisfied:

- Significant risks and rewards associated with the ownership of the goods have been transferred to the buyer;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company; and
- The cost incurred or to be incurred in respect of the transaction can be measured reliably.

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Rendering of services

Revenue from rendering of services shall be recognized when all the following conditions have been satisfied:

- The amount of the revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company;
- The stage of the completion of the transaction at the end of the reporting period can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

The stage of the completion of the transaction may be determined by evaluating the volume of work performed.

Revenue from operating lease

Revenue from operating lease mainly includes renting office, which are charged to income statement on a straight-line basis over the period of the leases under leasing contract.

Financial income

Revenue arising from the use by the others of the Company's assets yielding interest, royalties and dividends shall be recognized when:

- It is probable that the economic benefits associated with the transaction will flow to the Company; and
- The amount of the revenue can be measured reliably.

Dividend income shall be recognized when the Company's right to receive dividend is established.

Revenue deductions

Revenue deductions from sales and service provisions arising in the period include: Trade discounts.

Trade discount incurred in the same period of sale of goods and rendering of services are recorded as a decrease in revenue in the incurring period. In case goods and services are sold in the previous periods, but until the next period they are incurred as deductible items, the Company records the decrease in revenue under the following principles: If it is incurred prior to the issuance of Financial Statements, it is then recorded as a decrease in revenue on the Financial Statements of the reporting period (the previous period); and if it is incurred after the issuance of Financial Statements, it is recorded as a decrease in revenue of incurring period (the next period).

Cost of goods sold

The recognition of cost of goods sold is matched against revenue in the period and complies with the prudence principle. Cases of loss of materials and goods exceeded the norm, abnormal expenses and losses of inventories after deducting the responsibility of collective and individuals concerned, etc. is recognized fully and promptly into cost of goods sold in the period.

Financial expenses

Items recorded into financial expenses comprise:

- Expenses or losses relating to financial investment activities;
- Borrowing costs;

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- Losses from the disposal and transfer of short-term securities, transaction cost of selling securities;
- Provision for diminution in value of trading securities price; provision for losses from investment in other entities, losses from sale of foreign currency, exchange loss, etc.

The above items are recorded by the total amount arising in the period without offsetting against financial income.

Corporate income tax

Deferred income tax asset

Deferred income tax asset is recognized for deductible temporary differences and the carrying forward of unused tax losses and unused tax credits. Deferred income tax liability is recognized for taxable temporary differences.

Deferred income tax asset is determined based on tax rates and tax laws enacted at the end of accounting period.

Current corporate income tax expenses

Current corporate income tax expenses are determined based on taxable income during the year and current corporate income tax rate.

Current corporate income tax rate

The Company applies the corporate income tax rate of 20% for the operating activities which has taxable income for the period from 01/01/2020 to 30/09/2020.

Earnings per share

Basic earnings per share are calculated by dividing net profit or loss after tax for the year attributable to ordinary shareholders of the Company (after adjusting for the bonus and welfare fund and allowance for Board of Directors) by the weighted average number of ordinary shares outstanding during the period.

Related Parties

The parties are regarded as related parties if that party has the ability to control or significantly influence the other party in making decisions about the financial policies and activities. The Company's related parties include:

- Companies, directly or indirectly through one or more intermediaries, having control over the Company or being under the control of the Company, or being under common control with the Company, including the Company's parent, subsidiaries and associates;
- Individuals, directly or indirectly, holding voting power of the Company that have a significant influence on the Company, key management personnel including directors and employees of the Company, the close family members of these individuals;
- Enterprises that the above-mentioned individuals directly or indirectly hold an important part of the voting power or have significant influence on these enterprises.

In considering the relationship of related parties to serve for the preparation and presentation of Interim Financial Statements, the Company should consider the nature of the relationship rather than the legal form of the relationship.

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	30/09/2020	01/01/2020
	VND	VND
Cash on hand	292,130,319	246,936,567
Cash in banks	28,428,077,493	10,827,454,707
Cash equivalents	18,882,361,176	25,390,967,268
Total	47,602,568,988	36,465,358,542

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4. Investments

	30/09/2020 VND			01/01/2020 VND		
	Cost	Fair value	Allowance for diminution in value	Cost	Fair value	Allowance for diminution in value
Short-term investments	412,218,278,051	412,218,278,051	-	379,643,908,394	379,643,908,394	-
Held-to-maturity investments	412,218,278,051	412,218,278,051	-	379,643,908,394	379,643,908,394	-
Term deposits	412,218,278,051	412,218,278,051	-	379,643,908,394	379,643,908,394	-
 Long-term investments	 33,854,147,149	 32,738,747,149	 (1,115,400,000)	 33,854,147,149	 32,835,947,149	 (1,018,200,000)
Investments in associates	30,089,813,149	30,089,813,149	-	30,089,813,149	30,089,813,149	-
Da Nang Port Logistics JSC	19,907,661,902	19,907,661,902	-	19,907,661,902	19,907,661,902	-
Da Nang Port Tugboat JSC	10,182,151,247	10,182,151,247	-	10,182,151,247	10,182,151,247	-
 Equity investments in other entities	 3,764,334,000	 2,648,934,000	 (1,115,400,000)	 3,764,334,000	 2,746,134,000	 (1,018,200,000)
Vietnam Vinalines Logistics JSC	2,000,000,000	884,600,000	(1,115,400,000)	2,000,000,000	981,800,000	(1,018,200,000)
Vietnam Maritime Commercial Stock Bank	1,764,334,000	1,764,334,000	-	1,764,334,000	1,764,334,000	-

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5. Short-term trade receivable

(a) Short-term trade receivable detailed by significant customer

	30/09/2020 VND	01/01/2020 VND
CMA-CGM SA C/O CMA-CGM Viet Nam Jsc	8,087,984,926	5,260,966,229
Sealand Maersk Asia Pte. Ltd.	6,634,256,437	3,115,969,638
SITC Vietnam Ltd	6,045,895,420	10,579,749,438
Wanhai Lines Ltd	5,430,075,619	7,324,467,964
APL Co. Pte. Ltd C/O CMA-CGM Vietnam Jsc	5,131,849,219	1,704,178,270
GLS Shipping JSC	4,260,227,546	6,702,585,918
Cosco Shipping Lines (Vietnam)	4,171,310,626	-
VIMC Shipping Company	1,996,730,461	3,987,215,530
Hoang Anh Khoi Company	1,878,609,062	3,980,770,750
Yang Ming Marine Transport Corp	1,535,795,239	4,036,244,298
Other customers	68,733,984,780	63,635,446,272
Total	113,906,719,335	110,327,594,307

(b) Short-term trade receivable who are related parties

	30/09/2020 VND	01/01/2020 VND
Bien Dong Shipping Company Limited	-	20,034,000
Vinalines Container Shipping Company	-	1,461,935,026
VIMC Shipping Company	1,996,730,461	3,987,215,529
Branch of Vietnam Ocean Shipping Agency Corporation – Da Nang Shipping Agency	906,906,392	601,119,523
Total	2,903,636,853	6,070,304,078

6. Short-term prepayments to suppliers

Short-term prepayments to suppliers detailed by significant suppliers

	30/09/2020 VND	01/01/2020 VND
Construction Consultation for Maritime Building JSC	955,465,134	1,344,273,038
Marubeni Vietnam	-	1,791,900,000
CICA Vietnam Company Limited	1,869,670,000	774,000,000
Total Soft Bank Vietnam Compnay Limited	2,580,000,000	860,000,000
Other suppliers	4,991,905,203	2,053,606,459
Total	10,397,040,337	6,823,779,497

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7. Other short-term receivables

	30/09/2020	01/01/2020
	VND	VND
Advances	1,564,637,021	192,354,021
Accrued interest income	6,996,691,000	5,119,669,900
Dividends and profits receivable	-	140,000,000
Others	1,094,217,151	330,194,857
Total	9,655,545,172	5,782,218,778

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8. Bad and doubtful debts

	Overdue period	30/09/2020 VND			Overdue period	01/01/2020 VND		
		Cost	Allowance	Recoverable amount		Cost	Allowance	Recoverable amount
Mr Huynh Khong	> 3 years	41,124,454	41,124,454	-	> 3 years	41,124,454	41,124,454	-
Hong Hoang Hong Investment JSC	> 3 years	16,000,000	16,000,000	-	> 3 years	16,000,000	16,000,000	-
Thang Long Construction and Mining Investment JSC	> 3 years	7,260,000	7,260,000	-	> 3 years	7,260,000	7,260,000	-
Dana Uc Steel JSC	1-2 years	2,335,853,219	1,167,926,610	1,167,926,609	1-2 years	2,335,853,219	1,167,926,610	1,167,926,609
Dana Y Steel JSC	1-2 years	1,840,136,021	920,068,011	920,068,010	1-2 years	1,840,136,021	920,068,011	920,068,010
Vinalines Container Shipping Company		-	-	-	1-2 years	1,461,935,026	730,967,513	730,967,513
Viet Phap Steel Co., Ltd	1-2 years	160,480,968	80,240,484	80,240,484	1-2 years	160,480,968	80,240,484	80,240,484
Trung Hung Shipping And Technical Trading JSC	2-3 years	46,689,600	32,682,720	14,006,880	1-2 years	46,689,600	23,344,800	23,344,800
Total		4,447,544,262	2,265,302,279	2,182,241,983		5,909,479,288	2,986,931,872	2,922,547,416

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9. Inventories

	30/09/2020		01/01/2020	
	VND		VND	
	Cost	Allowance	Cost	Allowance
Raw materials	14,873,232,297	-	10,539,584,099	-
Tools and supplies	121,132,703	-	80,044,789	-
Merchandise inventories	671,430,178	-	347,526,494	-
Total	15,665,795,178	-	10,967,155,382	-

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10. Tangible fixed assets

	Buildings VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Others VND	Total VND
Cost						
Opening balance	1,137,185,348,133	761,344,731,366	120,536,981,414	14,292,951,805	1,462,415,236	2,034,822,427,954
- Newly-purchased	-	9,424,142,374	18,052,181,816	2,785,768,437	-	30,262,092,627
- Self-constructed	1,048,294,727	-	-	-	-	1,048,294,727
- Other increase	381,818,182	-	4,000,000	39,900,000	-	425,718,182
- Disposed	-	-	(1,755,260,572)	-	-	(1,755,260,572)
- Reclassify	(2,794,940,120)	67,097,299,130	(64,611,745,417)	1,771,801,643	(1,462,415,236)	-
Closing balance	1,135,820,520,922	837,866,172,870	72,226,157,241	18,890,421,885	-	2,064,803,272,918
Accumulated depreciation						
Opening balance	548,787,788,318	449,400,085,878	95,558,782,717	11,318,014,830	1,449,277,365	1,106,513,949,108
- Charge for the period	37,236,097,999	45,102,519,037	4,041,446,103	1,331,646,517	-	87,711,709,656
- Sold, disposed	-	-	(1,755,260,572)	-	-	(1,755,260,572)
- Reclassify	(2,246,035,380)	57,748,042,185	(55,864,531,691)	1,811,802,251	(1,449,277,365)	-
Closing balance	583,777,850,937	552,250,647,100	41,980,436,557	14,461,463,598	-	1,192,470,398,192
Net book value						
Opening balance	588,397,559,815	311,944,645,488	24,978,198,697	2,974,936,975	13,137,871	928,308,478,846
Closing balance	552,042,669,985	285,615,525,770	30,245,720,684	4,428,958,287	-	872,332,874,726

Included in tangible fixed assets were assets costing VND618,317 million which were fully depreciated as of 30 September 2020 (01/01/2020: VND589,982 million), but which are still in active use.

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11. Intangible fixed assets

	Land use rights VND	Software VND	Total VND
Cost			
Opening balance	100,560,170,987	3,449,700,000	104,009,870,987
- Increase	-	1,929,173,800	1,929,173,800
Closing balance	100,560,170,987	5,378,873,800	105,939,044,787
Accumulated depreciation			
Opening balance	-	2,909,312,755	2,909,312,755
- Charge for the period	-	363,843,975	363,843,975
Closing balance	-	3,273,156,730	3,273,156,730
Net book value			
Opening balance	100,560,170,987	540,387,245	101,100,558,232
Closing balance	100,560,170,987	2,105,717,070	102,665,888,057

Included in intangible fixed assets were assets costing VND2,723 million which were fully amortised as of 30 September 2020 (01/01/2020: VND2,723 million), but which are still in use.

12. Investment property

	Buildings VND	Total VND
Cost		
Opening balance	145,000,000	145,000,000
- Increase	-	-
Closing balance	145,000,000	145,000,000
Accumulated depreciation		
Opening balance	18,849,987	18,849,987
- Charge for the period	4,349,997	4,349,997
Closing balance	23,199,984	23,199,984
Net book value		
Opening balance	126,150,013	126,150,013
Closing balance	121,800,016	121,800,016

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13. Construction in progress

	30/09/2020 VND	01/01/2020 VND
Logistics Center in Hoa Vang	12,793,265,059	5,464,269,026
Construction project of yard behind the wharf no.4 and 5	499,719,012	-
Project wharf repair and renovation no.2	378,473,584	-
Others	289,068,000	695,371,510
Total	13,960,525,655	6,159,640,536

14. Prepaid expenses

	30/09/2020 VND	01/01/2020 VND
Short-term	6,380,905,585	2,959,847,906
Tools and instruments	1,455,565,258	1,716,514,490
Insurance expense	1,277,115,517	766,834,703
Others	3,648,224,810	476,498,713
Long-term	8,488,122,558	8,352,015,756
Tools and instruments	297,425,534	213,199,761
Others	8,190,697,024	8,138,815,995

15. Short-term trade payables

(a) Short-term trade payables detailed by significant suppliers

	30/09/2020 VND		01/01/2020 VND	
	Cost	Amount within payment capacity	Cost	Amount within payment capacity
Da Nang Port Tugboat JSC	9,389,551,565	9,389,551,565	10,073,476,827	10,073,476,827
Da Nang Port Logistics JSC	4,168,559,839	4,168,559,839	4,373,400,923	4,373,400,923
Da Nang Port Construction and Trading JSC	819,206,230	819,206,230	3,096,848,861	3,096,848,861
Navaco Limited	1,535,591,025	1,535,591,025	2,695,290,882	2,695,290,882
Others	5,881,796,950	5,881,796,950	14,366,328,182	14,366,328,182
Total	21,794,705,609	21,794,705,609	34,605,345,675	34,605,345,675

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(b) Short-term trade payables who are related parties

	30/09/2020 VND		01/01/2020 VND	
	Cost	Amount within payment capacity	Cost	Amount within payment capacity
Da Nang Port Tugboat JSC	9,389,551,565	9,389,551,565	10,073,476,827	10,073,476,827
Da Nang Port Logistics JSC	4,168,559,839	4,168,559,839	4,373,400,923	4,373,400,923
Total	13,558,111,404	13,558,111,404	14,446,877,750	14,446,877,750

16. Short-term prepayments from customers

Short-term prepayments from customers detailed by significant amount

	30/09/2020 VND		01/01/2020 VND	
	Cost	Amount within payment capacity	Cost	Amount within payment capacity
MACS Maritime JSC	-	-	94,076,522	94,076,522
Other customers	746,489,460	746,489,460	777,614,842	777,614,842
Total	746,489,460	746,489,460	871,691,364	871,691,364

17. Taxes and other payables to State budget

	Tax payable/ (receivable) at the beginning of period VND	Incurred VND	Paid/ deducted VND	Tax payable/ (receivable) at the end of period VND
Value added tax	-	35,288,449,257	35,288,449,257	-
Corporate income tax	9,233,757,957	39,867,951,478	23,279,827,073	25,821,882,362
Personal income tax	3,918,371,172	6,145,531,575	9,812,615,082	251,287,665
Land tax	-	14,473,181,957	20,160,999,912	(5,687,817,955)
Others	-	16,000,000	16,000,000	-
Total	13,152,129,129	95,791,114,267	88,557,891,324	20,385,352,072

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	30/09/2020	01/01/2020
	VND	VND
Interest expense	1,156,867,316	1,446,018,132
Total	1,156,867,316	1,446,018,132

19. Other short-term payables

	30/09/2020	01/01/2020
	VND	VND
Trade union fees	1,152,981,774	372,615,484
Dividend payables	277,082	277,082
Others	1,144,266,852	884,611,987
Total	2,297,525,708	1,257,504,553

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20. Borrowings and finance lease liabilities

	30/09/2020 VND		01/01/2020 VND	
	Amount	Amount within repayment capacity	Amount	Amount within repayment capacity
Short-term borrowings	13,254,261,349	13,254,261,349	12,717,656,438	12,717,656,438
Vietnam Development Bank – Da Nang Branch (JPY)	13,254,261,349	13,254,261,349	12,717,656,438	12,717,656,438
Long-term borrowings	176,508,522,698	176,508,522,698	188,152,969,314	188,152,969,314
Vietnam Development Bank – Da Nang Branch (JPY)	26,508,522,698	26,508,522,698	38,152,969,314	38,152,969,314
Da Nang Development and Investment Fund (VND)	150,000,000,000	150,000,000,000	150,000,000,000	150,000,000,000
Total	189,762,784,047	189,762,784,047	200,870,625,752	200,870,625,752

21. Changes in owner's equity

	Shared capital VND	Share premium VND	Investment and Development fund VND	Retained profits VND	Total VND
Opening balance	990,000,000,000	(215,000,000)	179,932,610,473	184,160,413,267	1,353,878,023,740
Increase during the period	-	-	26,632,371,941	165,211,659,362	191,844,031,303
Decrease during the period	-	-	-	(184,160,413,267)	(184,160,413,267)
Closing balance	990,000,000,000	(215,000,000)	206,564,982,414	165,211,659,362	1,361,561,641,776

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Details of owners' equity are as follows:

	30/09/2020		01/01/2020	
	VND		VND	
Vietnam National Shipping Lines	742,500,000,000	75%	742,500,000,000	75%
Others	247,500,000,000	25%	247,500,000,000	25%
Total	990,000,000,000		990,000,000,000	

22. Off balance sheet items

Foreign currencies

	30/09/2020	01/01/2020
USD	276,613.12	34,240.13
JPY	44,000.00	44,000.00

Doubtful debts written off

	30/09/2020	01/01/2020
	VND	VND
Doubtful debts written off	352,761,745	352,761,745

23. Revenue from sales of goods and provision of services

Total revenue represents the gross value of goods sold and services rendered exclusive of value added tax.

	Accumulated from the beginning of the year to the end of this quarter	
	Current year	Previous year
	VND	VND
Revenue from sales of goods	7,678,344,397	9,838,994,983
Revenue from provision of services	658,134,890,587	591,209,953,446
Total	665,813,234,984	601,048,948,429

24. Cost of sales

	Accumulated from the beginning of the year to the end of this quarter	
	Current year	Previous year
	VND	VND
Cost of goods sold	7,223,348,767	9,387,797,327
Cost of provision of services	415,636,783,040	374,091,260,167
Total	422,860,131,807	383,479,057,494

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25. Financial income

	Accumulated from the beginning of the year to the end of this quarter	
	Current year VND	Previous year VND
Interest income from deposits	18,016,401,597	12,302,995,355
Dividends, profit received	6,182,886,000	5,443,993,600
Foreign exchange gains	2,026,686,032	397,457,470
Total	26,225,973,629	18,144,446,425

26. Financial expenses

	Accumulated from the beginning of the year to the end of this quarter	
	Current year VND	Previous year VND
Foreign exchange losses	3,407,331,528	8,755,480,580
Interest expense	8,572,836,566	2,877,441,659
Provision for loss in investments	97,200,000	-
Total	12,077,368,094	11,632,922,239

27. General and administration expenses

	Accumulated from the beginning of the year to the end of this quarter	
	Current year VND	Previous year VND
Labour expenses	29,853,046,237	29,590,562,788
Depreciation and amortisation expenses	849,988,101	616,374,100
Outside services expenses	615,181,547	1,195,576,543
Materials and office supplies expenses	1,229,240,445	804,192,901
Reversal of provision expenses	(721,629,593)	(489,184,160)
Tax, Charge, Fee	219,940,090	161,400,873
Other expenses	16,797,893,124	16,522,441,766
Total	48,843,659,951	48,401,364,811

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28. Other income

	Accumulated from the beginning of the year to the end of this quarter	
	Current year VND	Previous year VND
Proceeds from disposal of fixed assets	292,509,091	521,154,546
Others	184,129,051	924,754,665
Total	476,638,142	1,445,909,211

29. Trading and business costs by element

	Accumulated from the beginning of the year to the end of this quarter	
	Current year VND	Previous year VND
Labour expenses	160,188,661,348	160,892,633,982
Depreciation and amortisation expenses	88,075,553,631	90,877,428,800
Outside services expenses	134,818,831,283	110,007,524,385
Raw materials	22,331,625,919	19,584,652,243
Other expenses	69,893,700,690	52,815,736,068

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30. Significant transactions with related parties

In addition to related party balances disclosed in other notes to the financial statements, the Company had the following significant transactions with related parties during the period:

	Accumulated from the beginning of the year to the end of this quarter	
	Current year	Previous year
	VND	VND
Parent company		
<i>Vietnam National Shipping Lines</i>		
Dividends paid	103,950,000,000	14,850,000,000
Related companies		
<i>Danang Port Logistics JSC</i>		
Sales of goods and services	2,771,947,600	3,647,675,222
Purchase of goods and services	33,160,013,350	31,028,598,177
<i>Danang Port Tugboat JSC</i>		
Sales of goods and services	4,498,243,095	3,933,642,558
Purchase of goods and services	52,589,976,192	45,488,686,091
<i>Bien Dong Shipping Company Limited</i>		
Sales of services	-	1,722,374,888
<i>Vinalines Container Shipping Company</i>		
Sales of services	-	6,720,000
<i>Vinalines Shipping Company</i>		
Sales of services	10,730,764,252	14,947,292,184
<i>Branch of Vietnam Ocean Shipping Agency Corporation – Da Nang Shipping Agency</i>		
Sales of services	4,300,403,646	5,042,487,143
Members of Board of Directors and Board of Management		
Compensation	3,896,242,024	3,269,373,534

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Tran Le Tuan
Acting General Director